



SECTION 6

Policy and Performance Level

6.1 What is the policy and performance level?

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Incremental expenditure changes that do not fall within the definitions of carry-forward or maintenance levels are considered policy or performance changes. These changes may represent revised strategies or substantial differences in program direction, and can include proposed program reductions. Each significant change to current performance must be justified in a decision package.

Here are some examples of policy and performance level items.

Discretionary Workload – The expenditures necessary to address workload not defined as mandatory.

New Programs or Services – New programs or any change in the level or scope of existing programs. This category also covers improvements that would result in more effective delivery of services, or higher quality services, and proposals for enhanced employee development or training programs. Funding for new programs requiring legislative authorization is also to be included in the Recommendation Summary. (See Section 1.5.)

Program Reductions and Other Changes – Requests for new programs can sometimes replace lesser priority programs. Any policy decision that would result in a reduction of services or clients should be displayed as a separate decision item.

Use specified RecSum codes for certain items

OFM has developed Recommendation Summary (RecSum) codes in order to summarize certain common items of change at the statewide level. Agencies must use these codes for the following types of changes designated by OFM.

Budget Level	RecSum Codes	Description
Performance	9X	Self-Insurance Premiums, Experience
Performance	81-89	Responses to Targeted Budget Instructions (Agencies should provide a descriptive decision package title.)

Performance Level decision packages must be allocated by activity

Each performance level decision package must indicate the costs and FTEs by activity. (See Section 2.3 for more information about this requirement.)

6.2 Agencies may receive “targeted budget instructions”

OFM will ask some agencies to submit additional information in their budget submittal

OFM will ask some agencies to submit specific budget decision packages or additional information as part of their budget submittal. There are two key drivers for these requests:

- The Priorities of Government result teams recently recommended areas of budget focus – ideas for improving results, reducing activity costs, or gaining research to aid the evidence-based prioritization of activities. OFM has selected a number of these proposals and requested agencies to prepare proposals or information as part of their 2007-09 budget submittals.
- HB 1242 was enacted in the 2005 legislative session, establishing new requirements for performance measure review and follow-up. Key new requirements include:

- Each agency must establish performance measures for each major activity in its budget that measure whether the agency is achieving or making progress toward the purpose of the activity and toward statewide priorities
- OFM must regularly conduct reviews of selected activities to analyze whether the measurements submitted by agencies demonstrate progress toward statewide results
- When a review determines that the agency's measurements demonstrate that the agency is making insufficient progress toward the goals of any particular program or is otherwise underachieving or inefficient, **the agency's budget request shall contain proposals to remedy or improve the selected programs**
- The Governor's operating budget documents shall identify activities that are not addressing the statewide priorities.

[RCW 43.88.090, RCW 43.88.030(4)]

How will targeted instructions be issued?

OFM will issue targeted budget instructions in a memorandum addressed to the agency director. Instructions resulting from the Priorities of Government process may be issued separately from the instructions resulting from performance measure reviews.

Not all requests will require a budget decision package

The type of information requested in the targeted budget instructions is expected to vary. In some cases, OFM will specifically ask for a budget proposal. Sometimes the agency may choose to respond to a more general request with a specific budget proposal. In other cases, OFM will ask for a legislative proposal, an analysis or research that does not require a decision package. This type of information should be included in the budget request notebook, but a decision package is not required.

Decision package responses to a targeted budget instruction should use a recsum code in the 81-89 series.